

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton; and  
Nanci E. Langley

Competitive Product Prices  
GEPS 7 (MC2016-196)  
Negotiated Service Agreements

Docket No. CP2017-146

ORDER APPROVING MODIFICATION THREE TO  
GEPS 7 NEGOTIATED SERVICE AGREEMENT AND DENYING AS MOOT MOTIONS  
FOR TEMPORARY RELIEF

(Issued June 27, 2018)

I. INTRODUCTION

The Postal Service seeks to modify a Global Expedited Package Services 7 negotiated service agreement.<sup>1</sup> For the reasons discussed below, the Commission approves the Modification.

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<sup>1</sup> Motion of the United States Postal Service for Temporary Relief and Notice of the United States Postal Service of Filing Modification Three to Global Expedited Package Services 7 Negotiated Service Agreement, June 22, 2018 (Notice). The modification is an attachment to the Notice (Modification). See *also* Motion of the United States Postal Service for Temporary Relief Concerning Modification Three to Global Expedited Package Services 7 Negotiated Service Agreement, June 22, 2018 (Motion) (collectively with the motion for temporary relief filed as part of the Notice, Motions).

In Order No. 3840, the Commission approved the Global Expedited Package Services 7 negotiated service agreement (Existing Agreement).<sup>2</sup> On June 22, 2018, the Postal Service filed a motion for temporary relief seeking to extend the Existing Agreement. See Motion at 1. Also on June 22, 2018, the Postal Service again moved for temporary relief and filed notice that it has agreed to the Modification to the Existing Agreement implementing the requested extension. See Notice at 1.

## II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

*Cost considerations.* The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Existing Agreement is set to expire June 30, 2018.<sup>3</sup> The Modification revises the expiration date of the contract to July 31, 2018. Notice at 1.

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<sup>2</sup> Order Approving Additional Global Expedited Package Services 7 Negotiated Service Agreement, March 29, 2017 (Order No. 3840). The contract was later modified. See Order Approving Modification One to GEPS 7 Negotiated Service Agreement, May 1, 2018 (Order No. 4599); Order Approving Modification Two to GEPS 7 Negotiated Service Agreement and Denying as Moot Motion for Temporary Relief, May 24, 2018 (Order No. 4619).

<sup>3</sup> See United States Postal Service Response to Order No. 3840 Concerning Effective Date of a Global Expedited Package Services 7 Negotiated Service Agreement, April 4, 2017, at 1 (setting original expiration date as April 30, 2018); Order Granting Motion for Temporary Relief, April 30, 2018, at 3 (Order No. 4596) (extending expiration date to May 31, 2018); Order No. 4599 at 3 (approving modification extending expiration date to the same date as Order No. 4596); Order No. 4619 at 3 (extending expiration date to June 30, 2018).

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

*Other considerations.* The Existing Agreement, as modified, is set to expire July 31, 2018. *Id.* If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified. Accordingly, the Motions are denied as moot.

### III. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission approves the Global Expedited Package Services 7 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the revised expiration date, as discussed in the body of this Order.
3. The Postal Service's Motions are denied as moot.

By the Commission.

Stacy L. Ruble  
Secretary